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Unemployed Idahoans Owe IRS

Over the last 5 years, the state of Idaho has been overpaying unemployment benefits to Idahoans which the agency is now taking steps to recover. Over 5,000 Idahoans have been collecting unemployment benefit checks after they have been employed. The amount overpaid comes up to a hefty \$10 million. The Idaho Department of Labor sent letters to all the Idahoans concerned on Tuesday asking for the money it says should have never been sent. The average amount owed by each of the 5,000 or so recipients of the letters is \$2,000. Each letter states the exact amount owed by each individual. There are some who have collected more than \$30,000.

And the department has joined forces with the IRS to ensure the recovery of the money. If you received unemployment benefits that you are not entitled to and do not repay the overpaid amount, you will not receive your tax refund, according to Michael Johnson of the Idaho Department of Labor.

Johnson said, "There are circumstances where it clearly is fraud. One of the most common ways that a person will receive an improper payment is to return to work, but continue to file for benefits." The process is simple – when Idahoans go to claim their unemployment benefits they are asked whether they had any work for that week. If they answer, 'no' the unemployment benefit check is sent. Such an act is considered a felony and you can be charged in court.

In the past, the department used to file charges but of late they prefer to try collecting back the overpaid amount. "(The option of filing charges) is there at our disposal, but we would much rather just resolve the problem and have them pay the debt back," said Johnson.

Those who are not willing to repay their overpaid amounts will see action taken against them by the IRS. According to Johnson, "If you can't get this cleared up, you're probably going to lose your federal income tax refund towards this debt." This means the IRS will pay the bill with your tax refund.

There is a deadline for either repaying the amount or arranging for a payment plan – January 3 next year. If you feel a letter was sent to you in error, you can show proof to the Department of Labor that you owe them nothing.

The Department of Labor used to write off the debt using state tax refunds. But now the department decided to work with the IRS because generally federal tax refunds are higher. The step has clearly brought dividends as the department has recovered nearly \$23 million in overpayments, interest and penalties since 2007.